

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)

Financial Statements

Year Ended December 31, 2010 and 2009

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6
Independent Auditor's Report on the Supplementary Information	7
Comparative Schedule of Revenue and Expenditures with Budget Variances	8-9
Schedule of Findings	10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Avenue Special Service Area Number 20
Morgan Park/Beverly Hills Business Association, Contractor
Chicago, Illinois

We have audited the accompanying statement of financial position of Western Avenue Special Service Area Number 20 (a taxing district authorized by the City of Chicago) as of December 31, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Avenue Special Service Area Number 20 as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bravos & Associates

April 18, 2011
Bloomington, Illinois

Western Avenue Special Service Area Number 20

(Morgan Park - Beverly Hills Business Association, Contractor)

Statement of Financial Position

December 31, 2010 and 2009

	2010	2009
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 17,962	\$ 26,147
Accounts receivable	<u>3,467</u>	<u>4,596</u>
Total Assets	<u>\$ 21,429</u>	<u>\$ 30,743</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 212	\$ 343
Due to Morgan Park/Beverly Hills Business Association	19,233	17,553
Net assets, unrestricted	<u>1,984</u>	<u>12,847</u>
Total Liabilities and Net Assets	<u>\$ 21,429</u>	<u>\$ 30,743</u>

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Statement of Activities
For the Years Ended December 31, 2010 and 2009

	2010			2009		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue - Current Year	\$ 150,623	\$ 179,150	\$ (28,527)	\$ 157,228	\$ 165,150	\$ (7,922)
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	43,447	7,500	35,947	7,249	5,900	1,349
2.00 Public Way Maintenance	59,842	59,200	642	57,600	58,600	(1,000)
3.00 Public Way Aesthetics	22,370	65,000	(42,630)	64,401	68,500	(4,099)
4.00 Tenant Retention/Attraction	550	1,500	(950)	-	-	-
8.00 District Planning	7,040	7,400	(360)	10,679	10,900	(221)
Total Program Expense	<u>133,249</u>	<u>140,600</u>	<u>(7,351)</u>	<u>139,929</u>	<u>143,900</u>	<u>(3,971)</u>
<u>Administration</u>						
10.00 Operation & Administrative Support	28,237	21,050	7,187	17,888	13,250	4,638
11.00 Tax Levy Loss Collection	-	17,500	(17,500)	-	8,000	(8,000)
Total Administration expenses	<u>28,237</u>	<u>38,550</u>	<u>(10,313)</u>	<u>17,888</u>	<u>21,250</u>	<u>(3,362)</u>
Total Expenses	<u>161,485</u>	<u>179,150</u>	<u>(17,664)</u>	<u>157,817</u>	<u>165,150</u>	<u>(7,333)</u>
Increase (Decrease) in Net Assets	(10,863)			(589)		
<u>Unrestricted Net Assets:</u>						
Beginning of Year (Deficit)	<u>12,847</u>			<u>13,436</u>		
End of Year (Deficit)	<u>\$ 1,984</u>			<u>\$ 12,847</u>		

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Statement of Cash Flows
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (10,863)	\$ (589)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	1,129	(2,068)
Accounts payable	(131)	343
Due to Morgan Park/Beverly Hills Business Association	<u>1,680</u>	<u>(15,421)</u>
Net cash flows from operating activities:	\$ (8,185)	(17,735)
Cash and Cash Equivalents		
Beginning of the year	<u>26,147</u>	<u>43,882</u>
End of the year	<u>\$ 17,962</u>	<u>\$ 26,147</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2010 and 2009

Summary of Accounting Policies

Nature of Organization

Morgan Park - Beverly Hills Business Association, Contractor for Western Avenue Special Service Area Number 20 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Morgan Park - Beverly Hills business district. The organization is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had no temporarily or permanently restricted net assets, as of December 31, 2010 and 2009 the organization has unrestricted net assets in the amount of \$ 1,984 and \$ 12,847 respectfully.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The organization has established a separate checking account at the Charter One Bank in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Revenue Recognition

The organization's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred. Accounts receivable represent amounts earned, but not received at year end.

Income Taxes

The organization is a part of the Morgan Park Beverly Hills Business Association, which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2010 and 2009

Summary of Accounting Policies – Continued

Related Party Transactions

Western Avenue Special Service Area Number 20 shares office space, equipment and employees through its affiliation with Morgan Park - Beverly Hills Business Association. Western Avenue Special Service Area Number 20 has no employees of its own, but reimburses Morgan Park - Beverly Hills Business Association for payroll and related costs of the individuals working on the programs. It also reimburses Morgan Park - Beverly Hills Business Association for a portion of its operating expenses, allocation of rent and utilities. The Western Avenue Special Service Area Number 20 had \$ 19,223 and \$ 17,553 due to Morgan Park - Beverly Hills Business Association as of December 31, 2010 and 2009 respectfully.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago, whereby the City has establish a special service area known and designated as “Western Avenue Special Service Area Number 20” to provide special services in addition to those services generally provided by the City. Morgan Park - Beverly Hills Business Association, Contractor has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 0.47% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization is the lesser of \$ 165,150 or the amount of service tax funds collected for the tax year 2010 and 2009. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year. The agreement shall continue through December 31, 2013.

Bravos & Associates

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Western Avenue Special Service Area Number 20
Morgan Park - Beverly Hills Business Association, Contractor
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bravos & Associates

April 18, 2011
Bloomington, Illinois

Western Avenue Special Service Area Number 20

(Morgan Park - Beverly Hills Association, Contractor)

Schedule of Expenses with Budget Variances

December 31, 2010 and 2009

<u>Expenses / Programs:</u>	2010			2009		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>1.00 Advertising & Promotion</u>						
1.01 Display Ads	2,302	1,000	1,302	504	1,000	(496)
1.02 Holiday/Seasonal Promotions	35,811	1,000	34,811	532	1,000	(468)
1.03 Print Materials	1,575	1,500	75	1,158	1,400	(242)
1.06 Website/Technology	459	1,000	(541)	3,055	500	2,555
1.07 Service Provider Direct Services	3,300	3,000	300	2,000	2,000	-
Total	<u>43,447</u>	<u>7,500</u>	<u>35,947</u>	<u>7,249</u>	<u>5,900</u>	<u>1,349</u>
<u>2.00 Public Way Maintenance</u>						
2.04 Liability/Property Insurance	1,782	1,600	182	-	1,000	(1,000)
2.05 Sidewalk Cleaning	53,000	53,000	-	53,000	53,000	-
2.14 Service Provider Direct Services	5,060	4,600	460	4,600	4,600	-
Total	<u>59,842</u>	<u>59,200</u>	<u>642</u>	<u>57,600</u>	<u>58,600</u>	<u>(1,000)</u>
<u>3.00 Public Way Aesthetics</u>						
3.02 Holiday Decorations	-	36,000	(36,000)	35,471	36,000	(529)
3.03 Landscaping	14,070	16,000	(1,930)	14,756	16,000	(1,244)
3.04 Property Insurance	-	-	-	1,235	-	-
3.05 Streetscape Elements	5,000	10,000	(5,000)	9,939	13,500	(3,561)
3.07 Service Provider Direct Services	3,300	3,000	300	3,000	3,000	-
Total	<u>22,370</u>	<u>65,000</u>	<u>(42,630)</u>	<u>64,401</u>	<u>68,500</u>	<u>(5,334)</u>
<u>4.00 Tenant Retention/Attraction</u>						
4.03 Site Marketing Materials	-	1,000	(1,000)	-	-	-
4.06 Service Provider Direct Services	550	500	50	-	-	-
Total	<u>550</u>	<u>1,500</u>	<u>(950)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8.00 District Planning</u>						
8.02 District Bransing, Identity Development	-	500	(500)	-	-	-
8.03 District Market Study, Impact Analysis, etc.	-	500	(500)	-	-	-
8.07 Service Provider Direct Services	7,040	6,400	640	6,000	6,000	-
8.08 Other: Fringe	-	-	-	4,679	4,900	(221)
Total	<u>7,040</u>	<u>7,400</u>	<u>(360)</u>	<u>10,679</u>	<u>10,900</u>	<u>(221)</u>

Western Avenue Special Service Area Number 20

(Morgan Park - Beverly Hills Association, Contractor)

Schedule of Expenses with Budget Variances

December 31, 2010 and 2009

	2010			2009		
<u>Administration:</u>						
<u>10.00 Operational & Administrative Support</u>						
10.01 SSA Audit	3,200	3,000	200	3,575	1,500	2,075
10.03 Meeting Expense	750	500	250	580	-	580
10.04 Office Equipment Lease/Maintenance	-	500	(500)	-	-	-
10.06 Office Supplies	4,139	2,000	2,139	2,902	1,700	1,202
10.07 Office Utilities/Telephone	4,932	3,500	1,432	4,887	3,500	1,387
10.08 Postage	220	1,000	(780)	100	1,000	(900)
10.10 Service Provider Administrative Support	9,000	4,000	5,000	4,000	4,000	-
10.11 Subscription/dues	250	250	-	295	250	45
10.12 Other: Transporation	846	1,400	(554)	1,549	1,300	249
10.13 Other: Fringe	4,900	4,900	-	-	-	-
Total	<u>28,237</u>	<u>21,050</u>	<u>7,187</u>	<u>17,888</u>	<u>13,250</u>	<u>4,638</u>

Western Avenue Special Service Area Number 20
(Morgan Park - Beverly Hills Business Association, Contractor)
Summary Schedule of Findings
Years ended December 31, 2010 and 2009

Finding # 1:

We have reviewed the Agreement for Special Service Area Number 20 between the City of Chicago and the Contractor for the year ended December 31, 2010 and 2009. We noted no exceptions